

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN INVESTIGATION AND REVIEW OF)	
LOUISVILLE GAS AND ELECTRIC COMPANY'S)	
CAPACITY EXPANSION STUDY AND THE NEED)	CASE NO. 9243
FOR TRIMBLE COUNTY UNIT NO. 1)	

O R D E R

On December 20, 1984, the Commission issued an Order initiating this proceeding. On January 16, 1985, a formal conference was conducted. The purpose of the conference was to determine the interest and likely extent of participation of the various parties, establish a procedural schedule and receive comments from Louisville Gas and Electric Company ("LG&E") concerning the construction schedule of Trimble County Unit No. 1, the financial commitments to complete the unit, the planned level of employment, and the contracts that need to be entered into for completion of the unit. During the conference several parties requested clarification and amplification of the purpose of this proceeding. The Commission, during the conference, agreed to issue this Order to specify the issues to be addressed in this proceeding and to develop procedures to be followed to consider these issues.

As stated at the January 16, 1985, conference, the Commission is of the opinion that the primary issue in this proceeding is whether the Trimble County Unit No. 1 should be completed

and, if so, when it should be completed.¹ It should be noted that the styling for this case has been changed to more clearly reflect the issues to be addressed in this proceeding.

In order to adequately address the issue of whether Trimble County Unit No. 1 should be completed and when it should be completed, it will be necessary to critically evaluate the Capacity Expansion Study prepared for LG&E by Stone and Webster ("S&W"), since this study was instrumental in LG&E's decision to complete the unit by July 1988. However, to only critically evaluate the S&W capacity study will not be sufficient to examine whether the Trimble County unit is needed and, if so, to assess alternative dates for completion. Any party asserting additional deferral or cancellation of the Trimble County generating unit must affirmatively support the recommendation with a detailed analysis. Thus it appears that a two-phase proceeding is appropriate. The first set of hearings will be conducted for the purpose of cross-examination of representatives of S&W who prepared the Capacity Expansion Study and cross-examination of employees of LG&E who provided many of the input data which S&W used in its models. At the conclusion of this phase all parties should have a better understanding of the input data, assumptions, methodologies and models used by S&W in its study and should be able to provide testimony, if they choose, to evaluate the S&W study. The second set of hearings will be conducted to cross-examine the testimony of the intervening parties. Based on the comments of the

¹ Transcript of Evidence, January 16, 1985, page 103.

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intervenor at the conference, it is anticipated that their testimony will include analyses utilizing alternative input data, assumptions, methodologies and models. It is conceivable that, after the first two phases of hearings, additional hearings will be required. Any decision concerning the need for additional hearings will not be made until after the second phase of hearings.

It is very difficult to establish a detailed set of procedures for this proceeding for several reasons. First, the subject matter and issues to be addressed in this proceeding are quite complex. Second, a tremendous amount of data must be exchanged in order for each party to understand what the other has done in its analysis. Third, during the January 16 conference it was the position of LG&E that by May 1, 1985, it must decide whether to proceed with the completion of the Trimble County Unit. The May 1 deadline related to a contract LG&E has with the engineering firm of Combustion Engineering, which is responsible for the design, engineering and construction of the sulfur dioxide removal systems ("SDRS"). If a decision is not made by May 1, LG&E is concerned that it will be difficult to complete the SDRS construction in time to allow for a July 1988 in-service date and that, accordingly, the contract with Combustion Engineering will have to be re-bid. However, it was not clear at the conference what the financial consequences would be of extending the decision beyond May 1, 1985. Thus, the Commission is of the opinion that a written response from LG&E will be required to quantify the financial consequences of extending this proceeding beyond May 1, 1985. This

written response and any related contracts should be received by the Commission and parties by February 22, 1985, and a witness responsible for the response should be available for cross-examination at the first phase of hearings.

The first phase of hearings will be held on February 28 and March 1, 1985. The purpose of these hearings is to cross-examine representatives of S&W and LG&E. Although LG&E has already filed the workpapers for the S&W study, it appears that additional data requests will be required. The cooperation of all parties will be necessary in order to exchange this additional information in an expedited manner. Requests and responses should be exchanged prior to the due dates established herein if at all possible.

With respect to the initial hearing, intervenors shall submit data requests no later than February 14, 1985, and LG&E shall file its responses no later than February 22, 1985.

The second phase of hearings will be held on April 10 and April 11, 1985. The purpose of these hearings is to cross-examine the witnesses of the intervening parties. The testimony of intervenors is due March 15, 1985. The testimony should be accompanied by all supporting workpapers. Requests and responses should be exchanged prior to the due date established herein if at all possible.

With respect to the second phase of hearings, LG&E shall submit data requests no later than March 25, 1985, and intervenors shall file their responses no later than April 3, 1985.

IT IS THEREFORE ORDERED that hearings are scheduled for February 28 and March 1, 1985, at 9:00 a.m., Eastern Standard Time, in the Commission's offices, Frankfort, Kentucky. The hearings shall be for the purpose of cross-examination of representatives of S&W who prepared the Capacity Expansion Study and cross-examination of those employees of LG&E who provided many of the input data used by S&W in the study.

IT IS FURTHER ORDERED that hearings are scheduled for April 10 and 11, 1985, at 9:00 a.m., Eastern Standard Time, in the Commission's offices, Frankfort, Kentucky. The purpose of the hearings is to cross-examine the witnesses of the intervening parties.

IT IS FURTHER ORDERED that LG&E shall provide a written response, including any related contracts, by February 22, 1985, which elaborates on the financial consequences of extending this proceeding beyond May 1, 1985. Also, LG&E shall have the witness responsible for the response available for cross-examination at the hearing on February 28, 1985.

IT IS FURTHER ORDERED that the procedures and schedules as discussed above are to be used during the course of this proceeding.

Done at Frankfort, Kentucky, this 7th day of February, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary